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SUBJECT: UKRAINE: YUSHCHENKO'S PARTY "ENDORSES" PREVIOUS DAY'S COALITION PROTOCOL, BUT REJECTS KEY COMPONENT

REF: A. KIEV 1481

1B. KIEV 1443

Classified By: Ambassador, reason 1.4 (b,d)

11. (C) Summary: President Yushchenko's Hamlet-like dance over whether or when to endorse ex-Premier Yuliya Tymoshenko's claim on returning to her old job in the "Coalition of Democratic Forces" continued April 14 when the Executive Council of the People's Union Our Ukraine (PUOU) party's Political Council endorsed the protocol signed April 13 with one significant reservation: they withheld support for a key point (paragraph 6 in the protocol) that effectively would give Tymoshenko the PM job. FM Tarasyuk, head of the Rukh party that is one of the six parties in the Our Ukraine electoral bloc, told Ambassador early April 14 that Our Ukraine (OU) electoral bloc negotiators Roman Bezsmertny and Roman Zvarych had exceeded their instructions April 13 in signing the protocol with the inclusion of paragraph 6. Bezsmertny explained to Ambassador later April 14 how Yushchenko had called him late April 13 and again early April 14 with a supportive comment about moving forward in negotiations while making clear he should not exceed instructions, i.e. he should not have agreed to a point on who will occupy the premiership. Bezsmertny said that coalition negotiations would continue April 17-18; both Bezsmertny and Zvarych did not think Our Ukraine had any real options other than eventually to accept Tymoshenko as PM. (Note: A primer on the confusing multiple layers of decision making authority in Our Ukraine (both the electoral bloc and the PUOU party) is included at the end of this cable.)

12. (C) Comment: Bezsmertny and Zvarych appeared giddy throughout the conversation in describing the difficulties of dealing with Tymoshenko on the one hand and their Our Ukraine colleagues on the other. At one point Bezsmertny commented: "I look over at Zvarych and he's grinning like a boy at the circus," to which Zvarych replied: "This is a circus." The PUOU decision and Yushchenko's telephonic remonstrations constitute the third time that "the Romans" have been upbraided for going too far in accommodating Tymoshenko too quickly (in negotiating the never-signed pre-election coalition memorandum, and in endorsing Tymoshenko's right to lead the coalition after the exit polls came out on election night). It is a strange dynamic within Our Ukraine, which seemingly has a clear understanding of where it will eventually go, slaps Bezsmertny and Zvarych on the wrist, but then keeps them in place to continue what they started because they are the ones who are viewed as able to close a deal with Tymoshenko. By characterizing a Rada dismissal as the only alternative to accepting Tymoshenko as PM, Bezsmertny is ruling out an Orange-Blue coalition. End summary and comment.

The Romans exceeded their authority

13. (C) FM Tarasyuk, head of the Rukh Party and thus a member of the seven-person Political Council for the Our Ukraine electoral bloc, alerted Ambassador early April 14 that Bezsmertny and Zvarych, the two OU negotiators in discussions with the Tymoshenko, had exceeded their instructions in signing the protocol on forming a coalition of democratic forces late April 13 (ref A).

14. (C) The concluding clause in the April 13 protocol read that the protocol was subject to the final approval of the political councils of the three blocs. Ambassador met Tymoshenko at 1400 hours April 14, just after BYuT had ratified the protocol (septel). Ambassador then met with Bezsmertny and Zvarych at 1500 hours April 14, immediately after the PUOU Executive Council (Presidium) had met to consider the protocol. While PUOU endorsed the protocol, they did so with one significant exception: a pointed non-endorsement of paragraph 6, which referenced the principles of the coalition memorandum negotiated before the election by OU, BYuT, and the Socialists but never signed. That memorandum gave the right to select the PM to the coalition party finishing with the largest vote total (as it turned out, the Tymoshenko bloc).

15. (C) Both Tymoshenko and Bezsmertny apparently realized Bezsmertny was taking a risk in signing the protocol including paragraph 6, because they both claimed authorship of the final clause requiring endorsement by the political councils of the three blocs when talking to Ambassador April 14. Tymoshenko said she did so "to protect the Romans"; Bezsmertny said he had insisted on the clause to avoid the accusation that he had exceeded his negotiating authority.

Our Ukraine still torn over Tymoshenko

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16. (C) Bezsmertny said that the PUOU meeting, which included all of the party heavyweights save Tymoshenko nemeses Petro Poroshenko and David Zhvaniya, mostly expressed support for the protocol but also included significant criticism of Tymoshenko. In addition, Yushchenko had called Bezsmertny to discuss the negotiations both late on April 13, after the protocol had been signed, as well as early in the morning April 14. The message the first time was: "It is good that you are working at negotiations, but don't exceed your instructions." The second time: "It is good to negotiate, but do not give answers before you should. Treat it like a play in the theater; people should not applaud too early."

17. (C) Bezsmertny stated that it was clear sitting at the coalition negotiating table April 13 that Tymoshenko would be Premier; he was not sure why she insisted on inclusion of paragraph 6 in the protocol text, since the reaction of PUOU was predictable. He added: "We will get to the right answer, but it could take a month or two." Negotiations would resume April 17-18. Our Ukraine had passed to BYuT and the Socialists a substantive draft of the first two sections of the proposed coalition agreement, covering the proposed programmatic elements and rules for mediating disputes that arose when the three coalition members disagreed on policies and decisions. The toughest part, though, would be part three: division of responsibilities and positions.

18. (C) It was not a matter of Our Ukraine wanting or not wanting Tymoshenko as PM, asserted Bezsmertny; OU ultimately had no choice but to accept Tymoshenko, since the alternative of dismissing the Rada seemed unlikely. Ambassador asked Zvarych, who had said April 11 that Yushchenko would not dismiss the Rada (ref B), whether he still felt that way. Zvarych replied yes.

19. (U) Begin text of the PUOU decision:

PRESIDIUM OF THE COUNCIL OF THE POLITICAL PARTY PEOPLE'S UNION OUR UKRAINE

"On Approving the Protocol on the procedure of forming the Coalition of Democratic Forces"

The Presidium of the Council of the Party, having heard the report of the member of the Party's Strategic Council R. Zvarych, decided to:

¶1. Approve the actions of the Chair of the Party's Council R. Bezsmertny regarding the creation of the Coalition of Democratic Forces comprised of the Our Ukraine Bloc, Yuliya Tymoshenko's Bloc, and the Socialist Party of Ukraine in the Fifth Convocation of Ukraine's Verkhovna Rada (note: parliament).

¶2. Approve the Protocol on the procedure of forming the Coalition of Democratic Forces with the exception of paragraph 6 of the Protocol.

¶3. Authorize the Chair of the Party's Council R. Bezsmertny to defend the above position at the meeting of the Political Council of the Our Ukraine Bloc, and to convey this decision to the Yuliya Tymoshenko Bloc and the Socialist Party of Ukraine.

Chair of the Council R. Bezsmertny

End Text.

Primer on the multiple kitchens of Our Ukraine

¶10. (SBU) In comparison to the unambiguous line of authority in BYuT (Tymoshenko personally decides everything, with long-time Batkyvshchina deputy leader Turchynov also participating in the coalition negotiations), and for the Socialists (Moroz is the unquestioned leader, with deputy leader Iosef Vinnsky the designated negotiator), Our Ukraine has a confusing four layers of formal authority. Two are related to the Our Ukraine electoral bloc of six parties; two are related to the People's Union Our Ukraine Party, which is the electoral bloc's main element/primary funder, along with an honorary party chair (President Yushchenko) who wields a clearly influential voice. The old proverb: "Too many cooks in the kitchen" comes to mind. The chefs who belong to all four kitchens and the negotiating process but clearly do not determine all the recipes: Roman Bezsmertny and Roman Zvarych.

¶11. (SBU) Six parties comprise the Our Ukraine Electoral

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Bloc, whose seven member Political Council includes the six party heads listed below and Roman Zvarych serving as Secretary:

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--Bezsmertny-led People's Union Our Ukraine (PUOU) Party
--FM Borys Tarasyuk's Rukh (People's Movement of Ukraine)
--NSDC Secretary's Anatoliy Kinakh's Union of Industrialists and Entrepreneurs (UIE)
--Naftohaz Chair Oleksiy Ivchenko's Congress of Ukrainian Nationalists (KUN)
--Presidential Secretariat Deputy head Anatoliy Matviyenko's Sobor
--MP Volodymyr Stretovych's Christian-Democratic Union

The OU bloc's named negotiators for coalition talks with BYuT and the Socialists are: Bezsmertny (lead), and Zvarych (deputy negotiator).

¶12. (SBU) The Our Ukraine electoral bloc also has a little-mentioned Strategic Council which resolved

"operational issues" and day-to-day decisions related to the election campaign (what advertising to purchase, etc). If the Political Council acted like the bloc's board, the Strategic Council acted as the campaign's management executives. All six are members of PUOU; two stayed in government after the September 2005 shakeup; three were "orange oligarchs" forced from office after unproven allegations of corruption.

--Bezsmertny

--Zvarych

--PM Yekhanurov

--Petro Poroshenko

--Oleksandr Tretyakov

--David Zhvaniya

¶13. (SBU) The People's Union Our Ukraine Party formed in mid-2005 on the basis of two of the five parties which had formed the 2002 Our Ukraine electoral bloc: Razom (Bezsmertny), and Solidarity (Poroshenko). Of the other three forces, Tarasyuk's Rukh refused to join the new PUOU party but eventually returned to the 2006 edition of the Our Ukraine electoral bloc. In contrast, Finance Minister Pynzenyk's Reforms and Order Party and Yuri Kostenko's Ukrainian People's Party refused to join both the new party and the electoral bloc, contested the March 26 elections separately, and failed to make it past the three percent threshold. In the immediate aftermath of the March 26 elections, PUOU was the last of the six forces in the Our Ukraine electoral bloc to endorse pursuit of a "Coalition of Democratic Forces" with BYuT and the Socialists.

PUOU's Executive Council ("Presidium") has seven members, plus Zvarych as secretary. According to Bezsmertny's assistant, Zhvaniya often "shows up" but is not a formal member.

--Bezsmertny (Chair)

--Yekhanurov

--Tretyakov

--Poroshenko

--Mykola Martynenko (note: OU Rada faction leader in the outgoing Rada)

--Pavlo Zhebrivsky (note: former Zhytomyr governor, associated with Poroshenko)

--Borys Bespaly (note: has a generally good reputation for integrity)

¶14. (SBU) The wider PUOU Political Council currently has 178 members, roughly a third of which come from provincial party branches.

Plus:

PUOU Honorary Chair: President Yushchenko

¶15. (U) Visit Embassy Kiev's classified website at: www.state.sgov.gov/p/eur/kiev.

Herbst